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2017 CED Funding Opportunity Announcement Questions and Answers – as of 07/10/2017

This document contains frequently asked questions and answers regarding the 2017 CED Funding Opportunity Announcement.

General

CED Program

Question: What is the purpose of the Grant Program?

Answer: The CED program provides funding for projects aimed at business development opportunities and creating employment for individuals with low incomes located in geographic areas with a demonstrated need for the proposed project. To accomplish this, the program requires that all businesses and positions created support a service area with unemployment and poverty rates that are at or above the state or national levels. Additionally, projects should address the personal and community barriers that must be overcome to help individuals with low incomes become self-sufficient.

CED-funded projects can be non-construction or construction projects that are ready to be implemented at the time of the grant award and completed during the assigned project period.

Question: What is the Award Ceiling?

Answer: \$800,000

Question: When will funding awards be announced?

Answer: Awards will be announcement on or before September 30, 2017.

Question: Who are the federal points of contact for this grant?

Answer:

Program Office Contact
Gerald Shanklin
Administration for Children and Families
Office of Community Services
OCS Grants Operations Center
1401 Mercantile Lane, Suite 401
Largo, MD 20774
Phone: 855.792.6551
Email: ocsgrants@acf.hhs.gov

Office of Grants Management Contact
Bridget Shea Westfall
Administration for Children and Families
Office of Grants Management
OCS Grants Operations Center
1401 Mercantile Lane, Suite 401

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Largo, MD 20774
Phone: 855.792.6551
Email: ocsgrants@acf.hhs.gov
Federal Relay Service:

Hearing-impaired and speech-impaired callers may contact the Federal Relay Service (FedRelay) at www.gsa.gov/fedrelay.

Uses of Funding

Question: Can the grantee pay the salary for the business workers from the grant award? If yes, for how long?

Answer: CED funds may be used to pay workers' salaries if doing so is a part of a viable business plan that shows the expense is temporary and that salaries will eventually be paid by revenue generated through business operations.

Question: Are there any restrictions on how funds can be used?

Answer: Ineligible activities are listed in the FOA under Section I. Program Description. Such activities include:

- Projects that include the reimbursement of pre-award costs.
- Projects that provide subawards/pass-throughs.
- Projects that use funding to capitalize loan loss reserve funds.
- Projects that use funding to provide loan(s) that have balloon payments that will be paid after the end of the project period.
- Projects that create or expand microenterprise business training and technical assistance centers.
- Projects that focus primarily on job training, job placement, and technical assistance. Limited job training and job placement activities can be supported in the context of modest training that may be provided specifically for the new positions created. For example, funds can be used to train a cashier for a specific position that has been created, but cannot be used to operate a general job training and placement program.
- Projects that do not create new jobs that did not exist prior to the proposed CED project.

Additionally, Section IV.6. Funding Restrictions notes the following:

Costs of organized fund raising, including financial campaigns, endowment drives, solicitation of gifts and bequests, and similar expenses incurred to raise capital or obtain contributions are unallowable. Fund raising costs for the purposes of meeting the Federal program objectives are allowable with prior written approval from the Federal awarding agency. (45 CFR §75.442)

Proposal costs are the costs of preparing bids, proposals, or applications on potential Federal and non-Federal awards or projects, including the development of data necessary to support the non-Federal entity's bids or proposals. Proposal costs of the current accounting period of both successful and

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unsuccessful bids and proposals normally should be treated as indirect (F&A) costs and allocated currently to all activities of the non-Federal entity. No proposal costs of past accounting periods will be allocable to the current period. (45 CFR §75.460)

Grant awards will not allow reimbursement of pre-award costs.

Subawards are not permitted under projects receiving funds under this announcement.

Grant awards may not be used to capitalize loan loss reserve funds.

Grant awards may not be used to make a loan with a balloon payment that will be paid after the end of the project period.

Organizations may receive a maximum of one new CED award per year.

Application Examples

Question: Could you direct me to where I can find successful CED grant proposals from past years? I've searched online and communicated with Grants.gov but have had no luck.

Answer: Each applicant must create its own application as outlined in the FOA based on the unique design of their proposed project. To view examples of recent CED projects, please visit the following site: <https://www.acf.hhs.gov/ocs/programs/ced/ced-grantees>. Examples of successful applications can be obtained through a Freedom of Information Act Request (FOIA), see: <https://www.acf.hhs.gov/freedom-of-information-act>

Match Funding

Question: Are matching funds required for award?

Answer: No

Application Submission

Question: Where can I find sample grant narratives for this grant?

Answer: Sample grant narratives are not available for this grant competition. Each applicant must create narratives as outlined in the FOA based on the unique design of their proposed project. To view examples of recent CED projects, please visit the following site: <https://www.acf.hhs.gov/ocs/programs/ced/ced-grantees>.

Question: When is the application due date?

Answer: Monday, July 24, 2017

Electronic Applications

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The deadline for submission of electronic applications via www.Grants.gov is 11:59 p.m., ET, on the due date. Electronic applications submitted at 12:00 a.m., ET, on the day after the due date will be considered late and will be disqualified from competitive review and from funding under this announcement.

Applicants are required to submit their applications electronically via www.Grants.gov unless they received an exemption through the process described in *Section IV.2. Request an Exemption from Required Electronic Application Submission*.

ACF does not accommodate transmission of applications by email or facsimile.

Instructions for electronic submission via www.Grants.gov are available at: www.grants.gov/web/grants/applicants/apply-for-grants.html.

Applications submitted to www.Grants.gov at any time during the open application period prior to the due date and time that fail the Grants.gov validation check will not be received at ACF. These applications will not be acknowledged.

Mailed Paper Format Applications

The deadline for receipt of mailed, paper applications is 4:30 p.m., ET, on the due date. Mailed paper applications received after the due date and deadline time will be considered late and will be disqualified from competitive review and from funding under this announcement.

Paper format application submissions will be disqualified if the applicant organization has not received an exemption through the process described in *Section IV.2. Request an Exemption from Required Electronic Application Submission*.

Formatting

Question: What are the formatting requirements for application submission?

Answer: Please refer to Section IV.2. Content and Form of Application Submission for information on formatting, font size, page limitations, spacing and other instructions for completing your application.

Eligibility Requirements

Applicant Eligibility

Question: Who is eligible to apply for a Grant?

Answer: To be eligible for the CED program, an applicant must meet three conditions:

1. Applicant must be a private, nonprofit CDC with 501(c)(3);
2. Applicant must have articles of incorporation or bylaws demonstrating that the CDC has as a principal purpose the planning, developing, or managing of low-income housing or community economic development activities; and

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3. The Board of Directors must have representation from each of the following: community residents, business leaders, and civic leaders.

Faith-based and community organizations that meet the eligibility requirements are eligible to receive awards under this funding opportunity announcement.

Tribal organizations that meet the criteria outlined above are eligible to apply for this grant. If a tribe wishes to apply for funding but is not served by an organization that meets the criteria above, OCS recommends that it considers establishing a CDC or collaborating with an experienced CDC to implement job creation programs and support economic self-sufficiency.

Question: Who is ineligible to apply for a Grant?

Answer: Any individual or organization that does not meet the criteria outlined above.

Question: If an applicant wins this grant to start a business, can the grantee reapply to expand the same business years from now?

Answer: An applicant may apply for a CED grant in subsequent years to expand a business or project created with the FY 2017 grant, provided funding is appropriated and available. As noted in the FOA, a current CED grantee that is applying for a new CED grant may apply for another CED grant as long as the funding will be used for a separate project that is different in scope from the your current CED project. An expansion of an existing project would be considered a new project as long as the CED funds are not being used to complete the original CED project.

Question: We understand a group will only be funded for one project under the current FOA. We want to know if the FOA prohibits a nonprofit from submitting two applications in response to the 2017 FOA?

Answer: Yes, you may submit applications for multiple CED grants as long as the scopes of the proposed projects are different. However, as noted under Section 4.6. Funding Restrictions, organizations may receive a maximum of one new CED award per year.

Question: While we are not a Community Development Corporation (CDC), we do design and implement training and employment programs specifically for people with criminal records. Our population is low-income because of the employment challenges encountered as a result of their criminal background. Can you confirm our eligibility to apply?

Answer: By statute, community development corporations (CDCs) are the only entities eligible for CED funding. As noted in the Funding Opportunity Announcement, in Section III. Eligibility Information, to be eligible to received funding from the CED program, CDCs must meet three conditions:

- The applicant must be a private, non-profit CDC with 501(c)(3) status;
- The applicant must have articles of incorporation or bylaws demonstrating that the CDC has a principal purpose the planning, the developing, or managing of low-income housing or community economic development activities; and
- The applicant must have a Board of Directors with representation from each of the following: community residents, business leaders, and civic leaders.

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Applicants must provide the additional, required documentation, or required credentials, to support eligibility for an award, as described in Section III. Eligibility Information of this announcement.

Business Plan

Project Implementation

Question: If the business can be up and running in one year, what grant requirement is the grantee obligated to do for the remaining 2 years?

Answer: If the business is up and running in year one, OCS would expect it to have created all proposed jobs or continue to reflect proposed growth capacity, profit, and jobs by the end of the project period (and at least one year thereafter) to assure the sustainability of the jobs created with CED funds. In the remaining years of the grant after grant funds are spent, the grantee is still required to fulfill all programmatic and financial reporting requirements of the grant.

Question: Can the grantee spend the entire grant amount (for example the max of \$800,000) in the first year?

Answer: Yes, grant funds can be expended in the first year or whenever needed to meet project goals and objectives over the project period. Please note that your proposed project plan and budget must demonstrate how your use of grant funds will result in an economically feasible project by the conclusion of the grant period. Also, as noted in Section 4.2 (Budget and Budget Justification), applicants must forecast their cash needs over the project period on the Federal Assistance form.

Question: If the grantee decides on a convenience store for their business, can the grantee use some of the grant funds for inventory (for example, potato chips, sodas, candy bars, soap, etc.) to stock the store?

Answer: Yes, inventory and other start-up business expenses reflected in a viable business plan are allowable expenses.

Past Performance with Similar Job Creation Projects

Question: I am asking if newly formed ELIGIBLE organization can apply because of the language found on page 34 as follows: PAST PERFORMANCE WITH SIMILAR JOB CREATION PROJECTS-The application must provide evidence of two business creation or business expansion projects undertaken by the applicant within the last ten years that are substantially similar to the project for which CED funding is being requested and were successful in creating full-time, full-year positions that lasted for at least one year beyond the project period. For each of the two business creation or business expansion project examples given, the application must provide: a quantitative and qualitative description of the impact of these projects (the number of jobs created for individuals with low incomes, wages, benefits, and position descriptions); and the number of years of project operation and position availability. As a newly formed (less than a year) organization, we do not have two business creation or business expansion projects undertaken.

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Answer: To be eligible for the CED program, an applicant must meet three conditions:

- Applicant must be a private, non-profit CDC with 501(c)(3) status;
- Applicant must have articles of incorporation or bylaws demonstrating that the CDC has a principal purpose the planning, the developing, or managing of low-income housing or community economic development activities; and
- Board of Directors must have representation from each of the following: community residents, business leaders, and civic leaders.

Note: The CDC designation does not need to be specified on any official documents as long as the three requirements stated above are met.

New applicants should note experience in executing projects similar to that being proposed is a key factor in the review criteria, and points can be lost if the applicant cannot convince independent reviewers they have the capacity (which includes pertinent business experience) to successfully implement the proposed project. However, as a new applicant, please keep in mind, this is one of several key criteria reviewers will be evaluating as they review applications, including project viability and implementation.

In reviewing this section, reviewers will consider the extent to which the application demonstrates that applicant has past experience with similar projects as outlined in Section 4.2 (Business Plan - Past Performance with Similar Job Creation Projects. For applicants that cannot demonstrate substantial experience with economic development projects similar to those proposed in the application, applicants may provide evidence of a viable partnership with a more experienced organization, including evidence of a workable strategy for the more experienced organization to provide the administrative, technical, and/or financial technical assistance needed to ensure the success of the project. Also, for each partnership that will result in the partner directly or indirectly spending CED funds, the application should provide a partnership agreement between the applicant and the project partner that includes a description of roles and the relationship between the applicant and project partner.

Question: I have questions about the CED Grant, ID HHS-2017-ACF-OCS-EE-1213, as regards the following point: "The application demonstrates that the applicant and all partner organizations have the experience necessary to successfully carry out the proposed project, including evidence of two business creation or business expansion projects undertaken by the applicant that *Have been executed within the past 10 years *Are substantially similar to the project for which CED funding is being requested, and *Were successful in creating sustainable, full-time, full-year positions" (p54) My questions are:

1. Do the two projects need to have been completed by the applicant, or could, for example, the applicant have carried out one project, and the partner organization another, so that they equal two? Could it be the partner organization that has a history of these types of projects, and is the one who has completed two of them?
2. Is this a requirement or would it just help the applicant to earn more points? (That is, if the applicant does not have this experience it does not automatically make them ineligible?)

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Answer: In reviewing this section, reviewers will consider the extent to which the application demonstrates that applicant has past experience with similar projects as outlined in Section 4.2 (Business Plan - Past Performance with Similar Job Creation Projects. For applicants that cannot demonstrate substantial experience with economic development projects similar to those proposed in the application, applicants may provide evidence of a viable partnership with a more experienced organization, including evidence of a workable strategy for the more experienced organization to provide the administrative, technical, and/or financial technical assistance needed to ensure the success of the project. Also, for each partnership that will result in the partner directly or indirectly spending CED funds, the application should provide a partnership agreement between the applicant and the project partner that includes a description of roles and the relationship between the applicant and project partner.

Budget and Budget Justification

Question: The Project Budget and Budget Justification section on pages 36-40 removed mention of the Construction item (this used to be after "Contractual" and before "Other"). I see the added language on page 36 referring to construction projects needing to provide a budget narrative describing incremental expenditures of CED funds, but to me it sounded like if you were not doing a construction project then you did not have to explain incremental expenditures of CED funds in the budget narrative.

Answer: As noted on page 36 of the FOA, applicants proposing a construction project must provide a description that indicates the project implementation activities that will require an expenditure of CED funds. The budget narrative should specify the schedule for dispersing CED funds to pay for construction during the project period. Please keep in mind that both construction and non-construction projects must include written justifications of CED expenditures as described on pages 36-40 of the FOA.

Loan Projects

Question: I think you might have answered this question before but wanted to get additional clarification. Do we (the CDC) have to be the lender, can we have a 3rd party (a CDFI) handle the entire loan process which will include the underwriting, etc?

Answer: Projects that provide subawards or pass-throughs are ineligible for CED funding. However, applicants may propose partnering with other organization. As noted under the definition of "project partner," CED grantees must play a substantive role in the project. A grantee working with a project partner must actively monitor the project and ensure compliance with CED program requirements.

Question: Can a portion of the loan be used to pay off debt?

Answer: The FOA does not preclude CED funds from being loaned to a participating business to pay off debt as long as the loan and project are in compliance with Section VI.2 of the FOA which requires compliance with 45 CFR part 75.

Question: If a borrower doesn't pay back the loan, is the CDC responsible for return the funds to HHS?

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Answer: If a borrower defaults on a CED-supported loan, the responsibilities of the CED grantee will vary depending on when the default occurs relative to the project timeline. For the purposes of your application, note that the FOA requires that applications provide sample loan agreements that include default and collection procedures among several other items.

Question: If awarded, what is the disbursement process and how much can be draw down at a time, etc?

Answer: Grant funds can be drawn whenever is needed to meet project goals and objectives over the project period. Grant funds are drawn through the HHS Payment Management System. More information about the disbursement process will be provided to successful applicants upon receipt of their grant award.

Question: Once the loan is repaid, can the CDC use the funds for other investment or must return the funds to HHS?

Answer: As noted in the FOA, repaid principal loans may continue to be used for the originally authorized purpose of the CED program. If it is not used for the originally authorized purpose the funds will revert to ACF. Any interest accrued on loans must also be used to continue or expand the activities of the originally approved project during the grant period.

Question: Is there a timeframe on how long the borrower can repay the loan?

Answer: There is no requirement for the length of time the borrower has to repay a loan. However, as noted in the definition of loan in the FOA, repayment of all loans funded with CED funds must begin during the course of the funded project period and a balloon payment (if any) must be made before the end of the project period. As is outlined under Project Implementation in the CED FOA, loan projects must report a repayment schedule.

Question: For application purposes, can we use a promissory note in lieu of 3rd party agreement? The promissory note will still contain the required information of the 3rd party agreement

Answer: As defined in the FOA, third-party agreements are written and signed agreements between grantees and project partners. The specific types of third-party agreements used in implementing a project will vary depending on the project design. For projects in which grantees loan CED funds, the FOA notes that third-party agreements covering a loan transaction must contain, at a minimum, the following information: (1) purpose(s) for which the loan is being made; (2) interest rates and other fees; (3) terms of the loan; (4) repayment schedules; (5) Collateral security; (6) default and collection procedures; (7) signatures of the authorized officials of the lender and the borrower.